

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 03775 221941Z

43/62

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-02 FAA-00 L-03

SS-15 NSC-05 H-02 PA-02 PRS-01 USIA-15 /087 W

----- 018108

R 202147Z SEP 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1106

INFO AMEMBASSY MOSCOW

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY MEXICO

AMEMBASSY PRAGUE

UNCLAS OTTAWA 3775

C O R R E C T E D C O P Y MOSCOW ADDED AS ADDEE AND LINE 5
PARA 1 CORRECTED TO READ MOSCOW , PRAGUE, BRUSSELS, AND
SHANNON

E.O. 11652: N/A

TAGS: EAIR, CA

SUBJ: CIVAIR: AIR CANADA'S TRANS-ATLANTIC SERVICES

REF: OTTAWA 3704 (NOTAL)

1. FINANCIAL POST OF SEPTEMBER 18 FEATURES FRONT-PAGE
ARTICLE ENTITLED "AIRLINE'S ROUTE MAP WILL LOSE SOME
RED PINS" BY USUALLY WELL-INFORMED WRITER CLIVE BAXTER.
ARTICLE REPORTS AIR CANADA WILL TELL GOC IT PLANS TO CEASE
OPERATIONS TO MEXICO, PRAGUE, BRUSSELS AND SHANNON
(IRELAND) UNLESS IT IS DIRECTLY SUBSIDIZED ON THOSE
FLIGHTS TO COVER CURRENT LOSSES.

2. COMMENT: OUR 2915 OF JULY 16 REPORTED SIMILAR
BAXTER ARTICLE DEALING WITH CP AIR'S INTENTION TO DROP
SOME MONEY LOSING LATIN AMERICAN SERVICES UNLESS THESE
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ARE SUBSIDIZED BY THE GOC. NO ACTION EITHER TO DROP

THE SERVICES OR TO PROVIDE SUBSIDY HAS YET TAKEN PLACE. INDEED, THE VANCOUVER SUN ON AUGUST 27 REPORTED THAT CP AIR WOULD RESUME IMMEDIATELY ITS NON-STOP SERVICES TO MEXICO CITY FROM TORONTO AND VANCOUVER WHICH HAD BEEN SUSPENDED FOR OVER EIGHT MONTHS AS A RESULT OF A LAOBR DISPUTE IN MEXICO. HOWEVER, THE QUESTION OF LONGER TERM POLICY WITH RESPECT TO CP AIR'S UNPROFITABLE SERVICES IS STILL OPEN. SHOULD AIR CANADA BE GIVEN A DIRECT SUBSIDY FOR NATIONAL INTEREST REASONS, THIS WILL, OF COURSE, STRENGTHEN THE HAND OF CP AIR IN DEMANDING THE SAME. HOWEVER, THE POLITICAL CLOUT OF PRIVATELY-OWNED CP AIR HAS HISTORICALLY BEEN CONSIDERABLY LESS THAN THAT OF THE GOVERNMENT'S AIR CANADA.

3. COPY OF BAXTER ARTICLE, WHICH ALSO DEALS WITH OTHER AIR CANADA QUESTIONS, IS BEING FORWARDED TO OA/AVP (WHITE); CAB (LITTON AND DEEGAN); AND DOT (EYMONERIE).
ENDERS

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NNN

Message Attributes

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